



**DEVELOPMENT
BANK OF THE PHILIPPINES**

Unsecured Subordinated Notes due 2015

Series 1 Notes

Series 2 Notes

Selling Agent:

APPLICATION TO PURCHASE

Any application to purchase the Unsecured Subordinated Notes due 2015 (the “Notes”) to be issued by the Development Bank of the Philippines (the “Issuer”) must be for a minimum principal value of ₱500,000.00 and in increments of ₱100,000.00, thereafter. This application must be received not later than 12:00 pm of the last day of the Offer Period unless extended or terminated earlier at such time and date as the Issuer and the Joint Lead Managers may jointly determine. Applications and payments received thereafter will be rejected. Any application improperly or incompletely accomplished may likewise be rejected. This Application is irrevocable and, once submitted, may not be withdrawn by the Applicant. The Issuer and the Joint Lead Managers reserve the right to accept or reject this Application, and in case of oversubscription, allocate the Notes available to the applicants in a manner deemed appropriate.

I/We (the “Applicant”) hereby apply and offer to purchase the Notes subject to the Documents (as defined below) made available to me/us at the principal office of the relevant Selling Agent (the “Application”):

Amount in Words	Amount in Figures
	P

I/we hereby represent and warrant that I/we have the legal capacity to enter into this purchase transaction and that all information provided herein are true and correct. Having read, understood, and relied upon the provisions of the Terms and Conditions of the Notes (the “Terms”), I/we unconditionally and irrevocably accept said Terms. I/we understand that no person has been authorized to give information or to make any representation with respect to the offer of the Notes other than those specified in the Terms and Conditions of the Notes.

APPLICANT’S FULL NAME IN PRINT:	APPLICANT’S SIGNATURE:	DATE:
APPLICANT’S ADDRESS:	TELEPHONE NO./S:	
NATIONALITY:	TAX IDENTIFICATION NO:	
CONTACT PERSON (IF OTHER THAN APPLICANT):	CONTACT TELEPHONE NO:	
DATE OF BIRTH:	PROOF OF TAX EXEMPT STATUS (IF APPLICABLE):	
	<input type="checkbox"/> Bureau of Internal Revenue certification of tax exempt status <input type="checkbox"/> Others (please indicate):	
BANK ACCT. DETAILS FOR PAYMENT OF INTEREST/PRINCIPAL:		
Credit my Peso Current/Savings Account Number (via EPCS/RTGS):		
_____ with _____ Branch		
of _____ Bank		

Stipulations of the Application:

1. The Applicant understands that the Issuer intends to issue the Notes covered by this Application, if accepted, in accordance with the Terms, the Offering Circular, and this Application (collectively, the “Documents”), as well as the BSP Memorandum to All Banks and Non-Bank Financial Institutions dated 17 February 2003 and BSP Circular No. 280 (2001) as may be amended from time to time (the “Regulations”), as well as the following terms and conditions of purchase:
 - a) In case of conflict, the Terms, the defined terms in which shall have the same meanings when used herein, shall prevail over the provisions of this Application.
 - b) The Notes are not deposits and are not insured by the Philippine Deposit Insurance Corporation.

- c) The Notes are not secured nor covered by a guarantee of the Issuer, the Joint Lead Managers, Selling Agents or other parties related to the Issuer, the Joint Lead Managers or the Selling Agents.
 - d) The Notes are ineligible as collateral for any loan granted by the Issuer, its subsidiaries or affiliates.
 - e) Series 1 Notes may only be issued or transferred to Series 1 Eligible Holders, namely, (1) Filipino citizens, (2) aliens residing in the Philippines, (3) non-resident aliens engaged in trade or business in the Philippines, (4) except with respect to Prohibited Holders, long-term trust accounts and long-term management accounts (including long-term common trust funds of banks other than the Issuer) exclusively for Filipino citizens, aliens residing in the Philippines, and non-resident aliens engaged in trade or business in the Philippines, (5) BIR-tax-qualified employee trust funds established by corporations, and/or (6) other tax-exempt institutions (upon presentation of acceptable proof of tax exemption).
 - f) In case of insolvency of the Issuer, the Notes will be subordinated in the right of payment of principal and interest to all depositors and other creditors of the Issuer, except those creditors expressed to rank equally with, or behind holders of the Notes.
 - g) During the Call Option Period, upon (x) prior approval of the BSP subject to the following conditions: (i) the capital adequacy ratio of the Issuer is at least equal to the required minimum ratio; (ii) the Notes are simultaneously replaced with the issues of new capital which are neither smaller in size nor lower in quality than the original issue; and (y) 30-day prior written notice is given to the holders on record, including the Applicant or its transferee, the Issuer may exercise the Call Option, whereupon all and not less than all of the outstanding Notes shall be redeemed at the instance of the Issuer by paying the Applicant or its transferee then holding the Notes the Call Option Amount. However, the Notes shall not be redeemable or terminable before maturity at the initiative of the Applicant or its transferees except in case of insolvency of the Issuer, as expressly provided in the Terms; *provided*, that negotiations or transfers of the Notes to one other than the Issuer prior to Maturity Date do not constitute pre-termination. If the Issuer does not exercise the Call Option during the Call Option Period, the Holder shall receive, in lieu of interest at the Interest Rate, interest at the Step-Up Interest Rate for the remainder of the life of the Notes.
 - h) First Metro Investment Corporation, The Hongkong and Shanghai Banking Corporation Limited, Land Bank of the Philippines and Multinational Investment Bancorporation shall initially perform the functions and duties of Market Maker pursuant to the Regulations. Once the Issuer decides to list the Notes in a recognized fixed income exchange, such institutions shall cease to act as Market Makers. All secondary trading of the Notes must be coursed through the Market Makers or such recognized fixed income exchange.
 - i) The payment of principal on the Notes may be accelerated in accordance with the Regulations only in case of insolvency of the Issuer.
 - j) The Applicant or its transferees shall not be allowed, and hereby waive their right, to set off any amount that they may owe the Issuer against the Notes.
2. The Applicant hereby represents and warrants to the Issuer and the relevant Selling Agent that the Applicant has read and fully understands and has relied solely upon and accepts the term and conditions set forth in the Documents and Regulations as to, *inter alia*, the obligations of the parties and the possible benefits and risks of investing in the Notes, including the restriction that the Series 1 Notes may only be issued or transferred to Series 1 Eligible Holders (as described in item 1 e), above).
 3. The Applicant understands that no person has been authorized to give information or make any representation in respect of the Notes and the offer and sale of the Notes, except as provided in the Documents and the Regulations.
 4. The Applicant hereby undertakes to inform the Issuer or other appropriate party of any change in his tax status or of any suspension or revocation of the tax exemption certificate. The Applicant further agrees to indemnify and hold the Issuer and the registrar free and harmless against any losses, expenses, claims, actions, suits and liabilities resulting from the Issuer's withholding tax obligation. In all cases, should the Applicant cease to be a Series 1 Eligible Holder at any time while owning the Notes, the

Applicant undertakes to promptly dispose, transfer and convey all Notes owned to a Series 1 Eligible Holder.

5. The Applicant hereby firmly, unequivocally, and irrevocably makes the application to purchase the Notes from the Issuer through the Selling Agent, at the purchase amount indicated on this Application, on Issue Date. The purchase amount set forth in the Application is covered by cleared funds, the instructions for which are enclosed with this Application, and which is being hereby tendered as a deposit for full payment for the Application (the “**Deposit**”). This Application, as well as the Deposit tendered hereby, shall not be withdrawable without the prior written consent of the Selling Agent and Issuer.
6. In making this Application, the Applicant understands that the Selling Agent in its sole discretion is not bound to accept all or any part of this Application on behalf of the Issuer. The Applicant also understands that, in the event that the total number of applications exceeds the total number of Notes available for issuance by the Issuer, then the Selling Agent may accept on behalf of the Issuer only a part of this Application in accordance with such procedure as the Joint Lead Managers may set in its reasonable discretion. The Applicant hereby waives any cause of action it may have under law or equity on account of the non-acceptance by the Selling Agent or Issuer of all or part of this Application, except for the right to demand the prompt return of the Deposit, without interest, corresponding to the unaccepted part of this Application.
7. Upon mere acceptance by the Selling Agent, on behalf of the Issuer, of all or part of the Application contained in this Application, through the application of all or so much of the Deposit as payment, and the sending by the Selling Agent to the Applicant (with an original furnished to the Registrar) of the proper Purchase Advice, the Applicant shall *ipso facto* be deemed a purchaser of the Notes covered by the accepted Application (a “**Purchaser**”) and this Application, together with the Purchase Advice, shall *ipso facto* be deemed a purchase agreement, fully binding the parties under the stipulations hereof and other related documents (the “**Purchase**”).
8. The Applicant understands that, as Purchaser, upon receipt by the Registrar of the Purchase Advice, the Purchase shall be registered by the Registrar in the Registry and maintained by the Registrar as electronic entries, which may likewise perform collecting and paying agency functions for the Purchaser’s benefit. The Applicant understands that, as Purchaser, there may be fees and charges for the services rendered in connection with registering, maintaining, and trading on the Notes, and that the Purchaser shall pay the appropriate fees and charges to the Registrar for such services.

Date _____

Applicant

Accepted:

Selling Agent